

## STATE OF SOUTH CAROLINA

## (Caption of Case)

Petition of Sprint Communications Company L.P. and  
Sprint Spectrum L.P. d/b/a Sprint PCS for Arbitration  
of Rates, Terms and Conditions of Interconnection  
with BellSouth Telecommunications, Incorporated d/  
b/a AT&T South Carolina d/b/a AT&T Southeas

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

## COVER SHEET

DOCKET

NUMBER: 2007 - 215 - C

(Please type or print)

Submitted by: Patrick W. Turner

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

## DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition☐ Request for item to be placed on Commission's Agenda expeditiously☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input checked="" type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

Print Form

Reset Form

**BellSouth Telecommunications, Inc.**  
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July 23, 2007

The Honorable Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

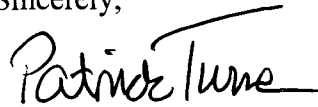
Re: In the Matter of Petition of Sprint Communications Company L.P. and Sprint Spectrum L.P. d/b/a Sprint PCS for Arbitration of Rates, Terms and Conditions of Interconnection with BellSouth Telecommunications, Incorporated d/b/a AT&T South Carolina d/b/a AT&T Southeast  
Docket No. 2007-215-C

Dear Mr. Terreni:

Enclosed for filing are an original and (1) copy of BellSouth Telecommunications, Inc., d/b/a AT&T South Carolina's Direct Testimony of J. Scott McPhee and P. L. (Scot) Ferguson in the above-referenced matter.

By copy of this letter, I am serving all parties of record with a copy of this testimony as indicated on the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Patrick W. Turner". The signature is written in a cursive, flowing style.

Patrick W. Turner

PWT/sgm  
Enclosure  
cc: All Parties of Record  
DM #685079

**THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.**

1 AT&T SOUTH CAROLINA’S  
2 DIRECT TESTIMONY OF J. SCOTT MCPHEE  
3 BEFORE THE PUBLIC SERVICE COMMISSION  
4 OF SOUTH CAROLINA  
5 DOCKET NO. 2007-215-C  
6 JULY 23, 2007  
7  
8 Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.  
9  
10 A. My name is J. Scott McPhee. My business address is 2600 Camino Ramon, San  
11 Ramon, California.  
12  
13 Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?  
14  
15 A. I am an Associate Director – Wholesale Regulatory Policy & Support for Pacific  
16 Bell Telephone Company d/b/a AT&T California. I work in the Wholesale  
17 Customer Care organization on behalf of the AT&T incumbent local exchange  
18 carriers throughout AT&T’s 22-state Regional Bell Operating Company region,  
19 including AT&T South Carolina (“AT&T”). I am responsible for researching,  
20 supporting, and communicating AT&T’s product policy positions in regulatory  
21 proceedings across the twenty-two incumbent AT&T states, including South  
22 Carolina.  
23

1 Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.

2  
3 A. I began my employment with SBC Communications Inc. in 2000 in the  
4 Wholesale Marketing – Industry Markets organization as Product Manager for  
5 Reciprocal Compensation throughout SBC’s legacy 13-state region. My  
6 responsibilities included identifying policy and product issues to assist  
7 negotiations and witnesses for SBC’s reciprocal compensation and  
8 interconnection arrangements, as well as SBC’s transit traffic offering. In June of  
9 2003, I moved into my current role as an Associate Director in the Wholesale  
10 Marketing Product Regulatory organization. In this position, my responsibilities  
11 include helping define AT&T’s positions on certain issues for Wholesale  
12 Marketing, and ensuring that those positions are consistently articulated in  
13 proceedings before state commissions. Prior to joining SBC, I spent nine and a  
14 half years working in the insurance industry, primarily as an underwriter of  
15 worker’s compensation insurance.

16  
17 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

18  
19 A. I received my Bachelor of Arts degree with a double major in Economics and  
20 Political Science from the University of California at Davis.

1 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY  
2 COMMISSIONS?

3  
4 A. Yes, I have previously filed testimony and/or appeared in regulatory proceedings  
5 in 12 of the 13 former SBC states where AT&T provides local service, as well as  
6 in the state of Louisiana.

7  
8 Q. PLEASE EXPLAIN HOW YOUR TESTIMONY IS ORGANIZED.

9  
10 A. First, while AT&T's attorneys will present AT&T's legal position on the issue, I  
11 will identify what AT&T believes is a threshold legal issue, and I will explain  
12 which issues would need to be addressed in this proceeding depending on how the  
13 Commission determines that threshold legal issue.

14  
15 Second, I will explain why this Commission should approve implementation of a  
16 successor Interconnection Agreement that includes the language AT&T has  
17 submitted in this proceeding, including the language of AT&T's standard  
18 Attachment 3A for wireless interconnection services, and 3B for wireline  
19 interconnection services (collectively "Attachment 3").

1                   **I.       IDENTIFICATION OF THRESHOLD ISSUE**

2

3    Q.    DOES AT&T BELIEVE THE SOLE ISSUE SPRINT RAISED IN ITS

4           PETITION IS APPROPRIATE FOR A SECTION 252 ARBITRATION

5           PROCEEDING?

6

7    A.    No. Sprint raised one issue in its Petition, and as AT&T witness Scot Ferguson

8           explains in his Direct Testimony, that issue involves the interpretation of a merger

9           commitment that is set forth in the Order the Federal Communications

10          Commission (“FCC”) issued approving the merger of AT&T Inc. and BellSouth

11          Corporation.

12

13          AT&T does not believe that the sole issue Sprint raised is an appropriate issue for

14          a Section 252 arbitration proceeding. Instead, AT&T believes that issue can only

15          be addressed by the FCC. AT&T’s position on this legal issue is set forth in the

16          Motion to Dismiss and, in the Alternative, Answer that AT&T filed June 22,

17          2007. AT&T’s attorneys will further address this legal issue in post-hearing

18          briefs and, if requested by the Commission, in oral argument.

19

20   Q.    DOES AT&T CONSIDER THIS LEGAL ISSUE (WHETHER THE SOLE

21           ISSUE SPRINT RAISED IN ITS PETITION IS APPROPRIATE FOR A

22           SECTION 252 ARBITRATION PROCEEDING) TO BE A THRESHOLD

23           ISSUE IN THIS PROCEEDING?

1 A. Yes, because the Commission's decision on this legal issue will determine what  
2 other issues the Commission will need to decide in this docket.

3

4 Q. IF THE COMMISSION AGREES WITH AT&T THAT ONLY THE FCC CAN  
5 ADDRESS THE SOLE ISSUE SPRINT RAISED IN ITS PETITION, WHAT  
6 ISSUES WOULD THE COMMISSION THEN HAVE TO DECIDE IN THIS  
7 PROCEEDING?

8

9 A. If the Commission agrees that only the FCC can address the issue Sprint raised in  
10 its Petition, the Commission would then have to address the issue AT&T raised in  
11 its Response to the Petition. In essence, AT&T is asking the Commission to  
12 adopt the language that AT&T believes to be the final agreement the parties had  
13 reached through negotiations for the General Terms and Conditions and all  
14 Attachments except Attachment 3. With regard to Attachment 3, AT&T is asking  
15 the Commission to adopt the language of AT&T's standard Attachment 3 for  
16 interconnection services. This would allow the parties to operate on a going-  
17 forward basis under an updated interconnection agreement instead of perpetuating  
18 an outdated agreement.

19

20 Q. IF THE COMMISSION DISAGREES WITH AT&T AND DETERMINES  
21 THAT THE COMMISSION CAN INTERPRET THE MERGER  
22 COMMITMENT SET FORTH IN THE FCC'S ORDER, WHAT ISSUES

1        WOULD THE COMMISSION THEN HAVE TO DECIDE IN THIS  
2        PROCEEDING?

3  
4    A.    The Commission would first have to interpret the merger commitment.    If it  
5        agreed with Sprint's interpretation of the merger commitment, the Commission  
6        would order the perpetuation of an outdated agreement.

7  
8        If, on the other hand, the Commission agreed with AT&T's interpretation of the  
9        merger commitment, the Commission would need to address the issue AT&T  
10       raised in its Response to the Petition as explained above.

11  
12                    **II. SUCCESSOR INTERCONNECTION AGREEMENT**

13  
14    Q.    WHAT DOES AT&T ASK THE COMMISSION TO DECIDE IN THIS  
15        MATTER?

16  
17    A.    As AT&T witness Scot Ferguson addresses in his Direct Testimony, Sprint  
18        broke off negotiations for a successor interconnection agreement in  
19        December 2006, after reaching agreement in principle on outstanding issues.  
20        It is my understanding, however, that the Parties did not agree on specific  
21        language for Attachment 3.



1 AT&T, therefore, submits its standard Attachment 3 (which is comprised of  
2 Attachment 3A for wireless interconnection services, and Attachment 3B for  
3 wireline interconnection services) and asks the Commission to order the  
4 parties to include this language in their new interconnection agreement.

5  
6 Q. UNDERSTANDING THAT SPECIFIC LANGUAGE WAS NOT AGREED  
7 TO, DID SPRINT AND BELL SOUTH DISCUSS ISSUES RELATED TO  
8 ATTACHMENTS 3A AND 3B DURING NEGOTIATIONS?

9  
10 A. Yes. Exhibit JSM-1 to my testimony is a redacted copy of a December 14, 2006  
11 email from Sprint to AT&T's negotiator, stating the Parties had reached a  
12 "tentative settlement" over negotiations for a successor interconnection agreement  
13 and indicating that "final settlement is likely in the next few weeks." While the  
14 specific terms of the "tentative settlement" have been redacted, this document  
15 references agreed-upon "elements of the deal" that pertain to terms and conditions  
16 of network interconnection as they would be formalized in Attachments 3A and  
17 3B. While specific wording of Attachments 3A and 3B was never apparently  
18 agreed-upon, the *concepts* under which the Parties would operate under  
19 Attachments 3A and 3B were agreed upon by both parties.

20  
21 Q. IF THE PARTIES AGREED IN CONCEPT TO TERMS FOR  
22 ATTACHMENT 3, WHY DOES AT&T PROPOSE ITS STANDARD  
23 LANGUAGE FOR ATTACHMENT 3?

1

2 A. Even though the Parties have agreed in concept to terms for Attachment 3,  
3 Sprint has not proposed specific language to formalize this agreement.  
4 Absent any specific Attachment 3 language proposal from Sprint in this  
5 proceeding, AT&T proposes the standard language it would propose for any  
6 other wireline and wireless carrier.

7

8 Q. IS AT&T WILLING TO NEGOTIATE ATTACHMENT 3 LANGUAGE  
9 WITH SPRINT?

10

11 A. As it has been in the past, AT&T continues to be willing to negotiate while  
12 arbitration proceedings are pending. If Sprint is willing, AT&T also is  
13 willing to work toward mutually-agreeable language regarding Attachment 3.  
14 However, if Sprint is unwilling to do so or if the parties cannot reach  
15 agreement, AT&T believes the Commission should order the parties to  
16 include AT&T's proposed standard Attachment 3 (which is the only  
17 proposed language that is before the commission in this proceeding) in their  
18 new interconnection agreement.

19

20 Q. WHY DOES AT&T PROPOSE THE LANGUAGE CONTAINED IN  
21 ATTACHMENT 3?

22

1 A. The language proposed in Attachment 3 is AT&T's current standard contract  
2 language, which AT&T offers to all carriers that request to negotiate an  
3 interconnection agreement. The terms and conditions contained within  
4 Attachment 3 completely address network interconnection as well as  
5 intercarrier compensation, such that a carrier adopting this standard  
6 Attachment will have the ability to interconnect and exchange traffic with  
7 AT&T, in compliance with the requirements of the Telecommunications Act  
8 of 1996.

9  
10 Q. ARE THE TERMS AND CONDITIONS OF STANDARD ATTACHMENT  
11 3 REASONABLE?

12  
13 A. Yes. In fact, numerous carriers have adopted AT&T's entire standard  
14 interconnection agreement offering (which included the same terms for  
15 Attachment 3 that AT&T proposes in this proceeding) and operate under  
16 those terms today.

17  
18 Q. HOW DO YOU RECOMMEND THIS COMMISSION RULE?

19  
20 A. Because AT&T is the only party that has proposed actual interconnection  
21 language for the Commission to consider, I recommend that the Commission  
22 order the parties to include the language proposed by AT&T, including  
23 Attachment 3, in their new interconnection agreement.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2

3 A. Yes.

4 684923

# EXHIBIT JSM-1

---

**From:** Kite, Jim C [NTK] [mailto:Jim.C.Kite@sprint.com]  
**Sent:** Thursday, December 14, 2006 4:31 PM  
**To:** Allen-Flood, Lynn  
**Subject:** FW: Sprint - BellSouth Settlement  
**Importance:** High

Lynn -  
This is what I sent Randy. Sorry that it failed to go through.

Jim

---

**From:** Kite, Jim C [NTK]  
**Sent:** Thursday, December 14, 2006 3:17 PM  
**To:** Atkinson, Bill R [GA]; Chiarelli, Joe M [LEG]; Felton, Mark G [NTK]; Lindsey, Gary B [NTK]  
**Subject:** FW: Sprint - BellSouth Settlement  
**Importance:** High

Sprint and BellSouth have reached a tentative settlement. This settlement still has some side-issues to resolve and actual language related to the issues has yet to be crafted, but the Parties agree that this is a milestone and that final settlement is likely in the next few weeks. Execution of the new agreement will be shortly thereafter.

The elements of the deal are as follows:

- \* The Parties have agreed to include [REDACTED] in this agreement.
- \* The effective date of the agreement will be [REDACTED]
- \* The Parties have agreed upon a transit rate of [REDACTED]
- \* The shared facilities factor for interconnection facilities between [REDACTED] and [REDACTED] and between [REDACTED] and [REDACTED] will be [REDACTED], with [REDACTED] responsible for [REDACTED] of those costs.
- \* The [REDACTED] provisions for reciprocal compensation will apply to [REDACTED]
- \* The 1st Qtr. Inter-MTA factors for [REDACTED] will be as follows: [REDACTED] (The Inter-MTA traffic will be subject to a [REDACTED]) The Parties agree to work cooperatively during the first quarter to establish a future process for developing new values each quarter. [REDACTED] values for the [REDACTED] will be developed [REDACTED]
- \* [REDACTED] has [REDACTED] related to VOIP. [REDACTED] the compensation process for non-local VOIP will [REDACTED]

\* The Parties have agreed to address Multi-use Trunks by [REDACTED]  
[REDACTED] has offered and [REDACTED] has accepted language for [REDACTED]  
[REDACTED] attorney has asked that language [REDACTED]  
[REDACTED] The lawyers for [REDACTED]  
[REDACTED] haven't had a chance to review this request [REDACTED]

\* The Parties have agreed to settle three outstanding disputes { 1) Inter-MTA [REDACTED]  
[REDACTED]; 2) Inter-MTA [REDACTED]; 3) Facility Sharing  
[REDACTED] } by a [REDACTED] This will  
settle these disputes through the effective date of this agreement.

\* The Parties did not address the issue of [REDACTED] paying a third Party's charges to terminate  
[REDACTED] originated Local CLEC and CMRS traffic and then seeking reimbursement from [REDACTED] The  
parties will look to the legal teams from both firms to find a resolution to this issue as soon as they  
can.

Jim Kite

\*\*\*\*\*

STATE OF SOUTH CAROLINA                    )  
  )  
COUNTY OF RICHLAND                    )        CERTIFICATE OF SERVICE

The undersigned, Jeanette B. Mattison, hereby certifies that she is employed by the Legal Department for AT&T South Carolina (“AT&T”) and that she has caused AT&T South Carolina’s Direct Testimony of J. Scott McPhee in Docket No. 2007-215-C to be served upon the following on July 23, 2007.

Nanette S. Edwards, Esquire  
Shannon Bowyer Hudson, Esquire  
Office of Regulatory Staff  
Post Office Box 11263  
Columbia, South Carolina 29211  
(Office of Regulatory Staff)  
**(Via U. S. Mail and Electronic Mail)**

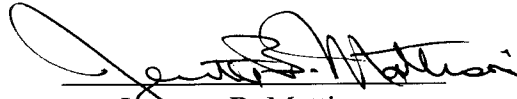
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Jeanette B. Mattison

DM5 # 681581